

Message Text

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PAGE 01 GABORO 02330 171922Z
ACTION AF-08

INFO OCT-01 ISO-00 EB-07 AID-05 OPIC-03 COME-00 INT-05
FEAE-00 CIAE-00 INR-07 NSAE-00 TRSE-00 /036 W
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FM AMEMBASSY GABORONE
TO SECSTATE WASHDC PRIORITY 9144
INFO AMCONSUL JOHANNESBURG
AMEMBASSY PRETORIA

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DEPT FOR USDOC/MILLER AND OPIC/PARNELL AND AF/S-EATON

E.O. 11652: N/A
TAGS: EIV, ENRG, EQUIP, BC
SUBJECT: ORAPA POWER SUPPLY PROJECT

1. CHIEF ENGINEER AND GENERAL MANAGE OF BOTSWANA POWER CORPOR-
ATION (ADDRESS: PM BOX 48, GABORONE; TEL 2877 (BUSINESS)
AND 2058 (HOME)), K. H. WIDGERY, CALLED ON EMBOFF DECEMBER 17,
AT THE REQUEST OF GOVER OR HERMANS OF BOTSWANA NATIONAL BANK, TO
INQUIRE INTO POSSIBILITY OF PRIVATE U.S. FINANCING FOR A FORTH MILLIO
N
DOLLAR (35,000,000 PULA) PROJECT OF EXTENDING THE SELEBI-PIKWE POWER
LINE TO THE ORAPA DIAMOND MINE.

2. ACCORDING TO WIDGERY, THE BOTSWANA POWER CORPORATION HAD ALREADY
ARRANGED FOR TENTATIVE FINANCING FROM FRENCH AND EAST EUROPEAN SOURCE
S
(HE WOULD NOT ELABORATE ON THE IDENTITY OF THE SOURCES), BUT GOVERNOR
HERMANS THOUGHT BACKING INSTEAD MIGHT BE FOUND IN THE U.S.
FIRST TENDERS WOULD BE EXTENDED IN APRIL 1977 FOR BOILERS AND
TURBO ALTERNATORS AND WOULD BE ADVERTISED IN U.S., RSA, AND
EUR AT APPROPRIATE TIME.
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PAGE 02 GABORO 02330 171922Z

3. WIDGERY SAID HE PERSONALLY DID NOTWAT TO SEE FRENCH
INVOLVEMENT, BECAUSE NUMBER OF
FRENCH MANUFACTURERS OF EQUIPMENT SUCH AS BOILERS WAS SMALL
AND PRICE COLLUSION, THEREFORE, WAS A STRONG POSSIBILITY. NEVER-
THELESS, HE HOPED THAT WHATEVER THE FINANCIAL SOURCE, TIE FINAN-

CING WOULD NOT BE A CONDITION; CANADIAN TIE FINANCING HAD LED TO 14 PERCENT GREATER COSTS TO BOTSWANA IN CONSTRUCTING ORIGINAL SELEBI-PIKWE POWER PLANT.

4. CONCERNING FINANCING TERMS, WIDGERY SAID HE WAS LOOKING FOR THE LONG TERM LOAN. THE FRENCH FIRM HAD OFFERED 7 1/4 PERCENT OVER FOURTEEN YEARS. THESE WERE AGREEABLE TERMS. HOWEVER TERMS OF 11 PERCENT OVER 8 YEARS, FOR EXAMPLE, WOULD MAKE THE PROJECT UNECONOMICAL. HE HOPED TO COMPLETE FINAICING ARRANGEMENTS BY JULY 1977.

5.COMMENT: ALTHOUGH WIDGERY'S STATEMENT CONCERNING POSSIBLE FRENCH AND EASTERN EUROPEAN FINANCING WAS LIKELY DESIGNED, IN PART, TO SPUR U.S. INTO ACTION, WE BELIEVE WHAT HE SAYS. WE URGE DEPARTMENT TO PASS INFORMATION ON WITH ADVICE THAT BANKING REPS CONTACT WIDGERY ASAP AND IN PERSON.

6. WIDGERY SUPPLIED EMBOFF WITH SOUTH AFRICAN FEASIBILITY STUDY DATED SEPTEMBER 1976(DONE BY MERZ AND MCLELLAN OF BRAAMFONTEIN) ENTITLED "REPORT ON POWER SUPPLIES TO ORAPA".
POUCHED TO USDOC/MILLER DECEMBER 21.

NORLAND

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Message Attributes

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